CONNECTICUT'S WELFARE REFORM INITIATIVE

Introduction

- The Jobs First program, Connecticut's welfare to work program, is financed by both the federal Temporary Assistance for Needy Families (TANF) block grant and state funds. The program began on January 1, 1996.

- There are two parts to the Jobs First program – temporary family assistance (TFA), which gives cash benefits to clients, and the Jobs First Employment Services (JFES) program, which provides employment services to TFA recipients who are not considered "exempt."

- Administration of the Jobs First program is currently divided between two state agencies – the Department of Social Services administers TFA and the Department of Labor operates JFES.

Section I

- There are two types of clients – time limited and exempt:

  - if case is time-limited, clients must participate in the JFES program, and cash assistance in Connecticut is limited to 21 months (with possible extensions for good cause) with a 60-month federal limit for time-limited clients overall.

  - if a case is exempt, clients are not subject to the time limits and do not have to participate in JFES.

- As of June 30 2006:

  - there were slightly more than 20,000 Jobs First cases
    - 7,555 cases were time limited;
    - 12,614 cases were exempt;
      - of those exempt, "child-only" cases accounted for about 70 percent (only the child is receiving assistance).

- While the majority of current recipients are exempt from work requirements, the majority of recipients were *not* exempt from work requirements when welfare reform began in 1996.

Section II

- Since 1997, Connecticut has received a flat TANF block grant of almost $266.8 million annually.

- Federal law requires states to maintain historical levels of state spending of at least 75 percent of what they were spending in FY 94 on cash assistance-related programs, known as state maintenance of effort (MOE) dollars.

- Connecticut's MOE requirement has been $183.4 million since 1997, although actual MOE spending has ranged from $183.5 to $217.4 million.

- States must use all federal TANF and state MOE funds to meet at least one of the four purposes laid out in law authorizing TANF.

- When spending is deflated to 1997 dollars, total spending actually decreased by 16 percent from FY 97 to FY 05.

- Spending on cash assistance dropped 68 percent between FY 94 and FY 05, corresponding to a decrease in the welfare rolls.

- While DSS consumed 66 percent of federal TANF spending and 68 percent of state MOE funds in FFY 00, DSS consumption had dropped to 10 percent and 8 percent respectively, by FFY 05.

- The Department of Children and Families expended almost 40 percent of federal TANF dollars received in FFY 05 (about $95 million).

- Cash assistance (TFA) accounted for less than 5 percent of TANF dollars expended but about 53 percent of MOE expenditures.

- The TFA payment standard was last increased in 1991, and was actually reduced in 1995.

Section III

- The TANF block grant was reauthorized by Congress under the federal Deficit Reduction Act (DRA) of 2005. The act:

    - significantly increases the number of adults that states must have meet the federally mandated work participation requirements (WPR) (Connecticut will have to double the number of time-limited clients participating in work activities to meet newly mandated work participation rates);

    - defines the allowable work activities that can be counted towards a state's WPR;

    - adds new verification requirements that states must adhere to in documenting the number of hours of work activities that adult members of these families are actually engaged in; and

    - provides that failure to meet these rates could result in the loss of TANF funds.

- With respect to Connecticut, estimates produced by DSS and DOL indicate that about 3,018 Jobs First recipients are currently engaged in work activities that meet the 30-hour federal threshold needed to count toward inclusion in the WPR.
- Beginning October 1, 2006, an additional 3,035 recipients will need to be engaged in work activities to meet the new WPR requirement or Connecticut potentially faces a reduction in its TANF block grant.

Section IV

- There are several programs intended to help current time-limited families address barriers to employment, and provide safety net services for those no longer receiving TFA: 1) Employment Success Program (ESP); 2) Prevention Services; 3) Safety Net Program; and 4) Temporary Rental Subsidy Program.
- A limited number of families are assisted by these services, depending on the amount appropriated for that particular year, and there is an absence of services for families who "time out" (are unable to find employment while on TFA) despite making a good faith effort to find employment.
- Less than a dozen families annually choose the Diversion Program over TFA, resulting in longer-term dependency for families that could otherwise be served with a one-time lump sum payment.

Section V

- DOL staff supporting the JFES program was reduced between FY 1999 to FY 2004. The current number of staff is 36 percent less than in 1999.
- While the number of JFES time-limited cases has continued to decrease over the past five years, the number of JFES full-time equivalent case managers decreased at a relatively greater rate, leading to significantly larger caseloads.
- The average number of JFES cases per JFES case manager is 171. The minimum contact required is every other month.
- Many changes will occur due to DRA, including frequent verification of specific work activities, such as daily verification for job search, and will require increased JFES case manager contact with clients.

Section VI

- Monitoring of JFES outcomes occurs across multiple agencies, including the Department of Labor, the Connecticut Employment and Training Commission (CETC), the Workforce Investment Boards, and the programs themselves.

Key Points

- In FY 04, DOL reported that JFES cost $1,037 per participant; 41 percent were employed while on JFES, almost half of whom (45 percent) were working when they entered TFA.
- In the past five years, there has been a gradual decrease in the percent of employed JFES clients, although there has been a gradual increase in average hourly wage during that same time period.
- Approximately one-third of the JFES clients who are working are excluded from the work participation rate because of an insufficient number of work or other countable hours.
- Overall, just under three-quarters of JFES clients working are employed for less than 30 hours per week.
- Information from CETC for program year 2003-2004 shows that 58.5 percent of JFES clients entered employment and 80 percent retained employment for six months. The average weekly wage was $238.53, or $12,403 annually.
- The U.S. Department of Health and Human Services reported that of the 15,846 Connecticut TFA cases that closed in FFY 04, approximately one-quarter left because they had exhausted their time on the state counter, almost one in five left because they had failed to cooperate, or had been sanctioned off of TFA, and only 11.8 percent left because they had secured employment that exceeded the allowable earnings limit.
- Assessing progress on whether these performance measures are being achieved is difficult because this information is not regularly reported by DOL in any statewide reports.
- According to key stakeholders interviewed, greater numbers of the earlier welfare leavers found jobs: this may be due to the economy and employers willing to take inexperienced employees (now the market is tighter).
- The current caseload is harder to serve and slower to find jobs.
- Committee staff will continue to examine reporting issues, including lack of uniform definitions and time frames, during the next phase of this study.